



# MIDDLE EAST FREE TRADE AREA INITIATIVE

## *Promoting Development and Economic Reform in the Middle East*

*"Leaders in the region speak of a new Arab charter that champions internal reform, greater political participation, economic openness, and free trade."*

*– President George W. Bush*

President George W. Bush announced the Middle East Free Trade Area (MEFTA) Initiative in May 2003 as part of a comprehensive effort to support the agenda in the Arab world for economic reform, job growth and development. Since the MEFTA initiative was launched, the United States has worked country-by-country with those who are interested in further economic integration, openness and prosperity.

A key element of the Initiative is to establish a Middle East Free Trade Area by 2013. That vision is beginning to take shape through U.S. free trade agreements with Israel, Jordan, Morocco, Bahrain and Oman, and Saudi Arabia's entry into the World Trade Organization.

### MEFTA COMPONENTS

#### FREE TRADE AGREEMENTS

According to the UN's International Labor Office, the Middle East and North Africa have the highest rate of unemployment in the world – 13.2 %. FTAs encourage job creation, technology transfer, expanded manpower skills and training, and increased foreign direct investment in the Middle East. Businesses in the region receive preferential access to the United States – the world's largest market.

FTAs generate export opportunities for U.S. goods and services, creating jobs for American workers and increasing consumer choice. They also provide legal protections for investors, improvements in intellectual property protection, and greater transparency in government and commercial regulations.

#### TRADE AND INVESTMENT FRAMEWORK AGREEMENTS (TIFAs)

TIFAs provide an opportunity for regular discussion of commercial issues, economic reforms, and trade liberalization measures.

#### BILATERAL INVESTMENT TREATIES (BITs)

The U.S. Bilateral Investment Treaty program supports several

#### FREE TRADE AGREEMENTS

**U.S.-UAE** – negotiations in process

**U.S.-Oman** – signed January 2006, awaiting ratification

**U.S.-Bahrain** – pending entry into force

**U.S.-Morocco** – 2006

**U.S.-Jordan** – 2001

**U.S.-Israel** – 1985

key economic policy objectives that:

- Protect investment abroad in those countries where investors' rights are not already protected through existing agreements.
- Encourage the adoption of market-oriented domestic policies that treat private investment in an open, transparent, and non-discriminatory way.
- Support the development of international law standards.

Middle East BITs in force:

- Algeria, Egypt, Jordan, Lebanon, Oman, Tunisia, Yemen

#### WTO ACCESSION

Countries applying for accession to the World Trade Organization join the rules-based system of global trade and are better able to take advantage of globalization.

#### ECONOMIC REFORM ASSISTANCE

The United States recognizes that many countries need assistance in their reform efforts, and provides funding and works with private sector partners and the Congress to help them achieve economic reform goals. Programs include:

- The Middle East Partnership Initiative (MEPI) has assisted countries to effect economic reforms and trade liberalization measures through technical assistance. MEPI supports entrepreneurship, especially among women and youth. It also links Arab and U.S. businesses, non-governmental organizations, and governments to develop innovative policies and programs.
- The United States government works closely with the Middle East Free Trade Area Coalition comprised of leading U.S. companies, to support broader economic relations between the U.S. and Middle Eastern countries.
- The Middle East Economic Caucus was created in February 2006 to increase bipartisan Congressional support for the MEFTA initiative.